

Message Text

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53

ACTION FEAE-00

INFO OCT-01 ARA-10 ISO-00 AEC-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 /088 W

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R 291958Z JAN 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 7458

UNCLAS CARACAS 1111

E.O. 11652: N/A

TAGS: ENRG VE

SUBJECT: NATIONAL OIL COMPANIES-VENEZUELA

REF: STATE 9029

1. VENEZUELA PETROLEUM CORPORATION(CVP), THE NATIONAL OIL COMPANY, ESTABLISHED BY DECREE 260 OF APRIL 19, 1960. SCOPE OF OPERATIONS INCLUDES EXPLORATION, EXPLOITATION, REFINING AND TRANSPORTATION OF HYDROCARBONS, AS WELL AS SALE, PURCHASE AND BARTER OF SUCH PRODUCTS IN WHATEVER FORM, DOMESTICALLY AND INTERNATIONALLY.

2. BY LAW PUBLISHED IN THE OFFICIAL GAZETTE EXTRAORDINARY NO 1591 OF JUNE 22, 1974, DOMESTIC MARKET WAS RESERVED TO CVP FOR COMBUSTIBLES, LPG, OILS, LUBRICANTS, GREASES, SOLVENTS, BRAKE AND HYDRAULIC FLUIDS, PETROLATUM, PARAFIN AND ASPHALT. CVP WAS GIVEN EXCLUSIVE RIGHTS TO IMPORT, TRANSPORT, SUPPLY, STORE, DISTRIBUTE AND EXPEND THESE PRODUCTS. CVP CONSIDERED PUBLIC UTILITY UNDER TERMS OF LAW, AND AS SUCH, WHOLESALE AND RETAIL PRICES OF PRODUCTS IT CONTROLS AND FREIGHT RATES FOR TRANSPORTATION OF THESE PRODUCTS ARE REGULATED BY GOV MINES MINISTRY.

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3. MARKETING LAW OF 1973 REQUIRES CVP TO ASSUME

RESPONSIBILITY FRO PRIVATE OIL COMPANIES FOR TOTAL DOMESTIC MARKETING BY DECEMBER 31, 1976. LAW ALSO REQUIRES PRIVATE COMPANIES TO SUPPLY TO CVP OIL PRODUCTS IT DOES NOT MANUFACTURE AND TO SUPPLEMENT CVP'S OWN MANUFACTURED PRODUCTS WHERE ITS CAPACITY DOES NOT MEET DEMAND, AT PRICES FIXED BY GOV.

4. CVP HAS SINCE 1974 DOUBLED SHARE OF DOMESTIC MARKET IT CAN COVER. BEGINNING IN LESSER POPULATED AREAS OF COUNTRY, CVP PROGRAM IS TO MOVE ULTIMATELY TO TAKE OVER MARKETING IN CARACAS AND OTHER LARGE METROPOLITAN AREAS BY 1976 DEADLINE. AS EXAMPLE, BY RESOLUTION PUBLISHED I OFFICIAL GAZETTE 30, 1603 OF JANUARY 21, 1975, CVP WILL ASSUJE FIFTEEN OUTLETS FROM SHELL AND EIGHT FROM CREOLE OIL COMPANIES IN FALCON STATE WITH EFFECT FROM JANUARY 26.

5. ACTUAL INTERNAL DEMAND FOR 1973 WAS 92.5 MILLION BARRELS. OF THIS, 58.3 MILLION BARRELS WAS FOR INDUSTRIAL AND DOMSTIC USE, 13.6 MILLION WAS CONSUMED BY PETROLEUM INDUSTRY ITSELF, AND 20.6 MILLION WAS FO SHIPS BUNKER FUEL. ESTIMATED INTERNAL DEMAND FOR 1974 WAS 90.6 MILLION BARRELS. OF THIS, 61 MILLION BARRELS WAS FOR INDUSTRIAL AND DOMESTIC USE, 11 MILLION WAS FOR USE BY THE PETROLEUM INDUSTRY, AND 18.6 MILLION WAS FOR SHIPS BUNKER FUEL. THUS, BY EXCLUDING BUNKERS AND OIL USED BY PETROLEUM INDUSTRY, ESTIMATED INTERNAL DEMAND IN 1974 FOR INDUSTRIAL AND DOMESIC USE AVERAGED APPROXIMATELY 168,000 B/D (61 MILLION BBLs DIVIDED BY 364).

6. CVP ESTIMATED SHARE OF 1974 LOCAL SALES OF REFINED PRODUCTS WAS 46 PER CENT, UP FROM 26 PER CENT IN 1973. WITHIN THIS TOTAL, CVP SOLD AN ESTIMATED 54 PER CENT OF MOTOR GASOLINE IN 1974, AS CONTRASTED TO 38 PER CENT IN 1973, AND AN ESTIMATED 36 PER CENT OF OTHER PRODUCTS IN 1974 AS AGINST 13 PERCENT IN 1973.

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Message Attributes

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Decaption Note:
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Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
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Drafter: n/a
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